

obligations of carriers rather than a particular extent to which those obligations have been or should be fulfilled.

Section 271 of the Federal Act is written differently. Although the "Track B" provisions of the statute are written in terms of the "offering" of access and interconnection, section 271(c)(1)(A) (which concerns "Track A"), if applicable, would require that BellSouth "is providing" access and interconnection to one or more competitor. Thus BellSouth must have provided access and interconnection, even before application is made for interLATA authority, if "Track A." Likewise, section 271(c)(2)(A)(i)(I) states that a "Bell operating company" ("BOC" or "RBOC") meets the requirements of that paragraph if the BOC "is providing" access and interconnection. Similarly, section 271(d)(3)(A)(i) requires the Federal Communications Commission ("FCC") to find that the "competitive checklist" of section 271(c)(2)(B) has been "fully implemented." So long as "Track A" is applicable, then, BellSouth's mere "offering" of access and acknowledgment of its "duties" to interconnect do not suffice to confer interLATA relief; the RBOC must also have provided non-discriminatory access and interconnection before long distance authority is granted.

Therefore, the Commission's ruling with respect to the SGAT pursuant to section 252(f) is not, ipso facto, a ruling or recommendation with respect to section 271 of the Federal Act. As concerns section 271, the Commission will need to determine, separately from considerations inherent to section 252(f), whether "Track A" or "Track B" applies, whether BellSouth has complied with the competitive checklist, as concerns the appropriate "track," and whether the "public interest" is served by the grant of long distance authority. If "Track A" is deemed to

apply, then the mere acceptance by the Commission of the terms and conditions that BellSouth offers under the SGAT should not imply that BellSouth is generally in accord with section 271.

### **III. The Evidence Regarding the SGAT**

As these proceedings have underscored, the SGAT appears primarily to be available for use by smaller carriers. Most of the participants in the hearings indicated that they would not use the SGAT's terms and conditions (for a possible exception, see AT&T's witness James A. Tamplin, transcript of proceedings ("Tr") 2143) (witnesses will be denoted hereafter by their surnames). Indeed, some of the witnesses for the competing local exchange companies ("CLECs") stated that their testimony did not address the issue of whether the SGAT should be approved, separate from its consideration pursuant to section 271; other witnesses had no objections to smaller carriers using the SGAT, or to the SGAT going into effect (Robertson, Tr. 1199, 1229; Strow, Tr. 2367). Some witnesses for CLECs admitted that BellSouth's acts did not, in any event, affect whether the SGAT ought to be approved by the Commission (See Guepe, Tr. 2216). Other witnesses believed the SGAT could serve a valuable purpose, but with modifications (Strow, Tr. 2365-2368).

The complaints from the witnesses for CLECs regarding the SGAT may be summarized as follows: the SGAT does not offer network elements based on cost-based rates, since the Commission has refused to allow CLECs to lease network elements at incremental cost, if those elements are to be "rebundled" to provide the identical service provided by BellSouth (see Winegard, Tr. 1371, Gillan, Tr. 1422); the SGAT does not provide a discounted price for the resale of contract service arrangements ("CSAs") (see *id.*); it should not restrict the resale of flat rate service to shared tenant service providers (Sullivan, Tr. 1174); BellSouth must first

demonstrate that it will implement the SGAT without discrimination (Tamplin, Tr. 2153); the SGAT does not meet the competitive checklist of section 271 (Guepe, Tr. 2231; Strow, Tr. 2263; see Agatson, generally); the SGAT offers better terms than are found in negotiated agreements (Strow, Tr. 2258, 2274, 2277; see Tamplin, generally); the SGAT contains terms and conditions that lack commonly understood meanings, and thus needs detailed and specific implementation provisions, benchmarks, performance standards and definitions (Agatson, Tr. 2420-2421); the SGAT refers to documents that are solely within BellSouth's control (Agatson, Tr. 2443); the operations support systems ("OSS") do not provide competitive parity (see Martinez, generally).

#### IV. Discussion

The Commission has held four (4) arbitration proceedings and two (2) "generic" proceedings (the "resale" docket, No. 6352-U and the consolidated unbundled No. 6417-U/6537-U). The rates established in those proceedings have been used by BellSouth in the SGAT. Although CLECs understandably are concerned that interim, not permanent, rates have been determined for network elements (notably, loops), the rates thus established have been consistent with the requirements of section 252(d). There is no requirement, as concerns section 252(f), that "final" or permanent costs or prices be determined by the Commission before the SGAT goes into effect. This docket, moreover, is not the proper forum to revisit the geographic deaveraging, "rebundling" or "network platform" pricing issues, or whether CSAs should be sold by RBOCs at a discounted price to CLECs for resale. Nor should this Commission, as concerns approval of the SGAT pursuant to section 252(f), await access reform by the FCC or the reductions in intrastate access charges mandated by O.C.G.A. 46-5-166(f).

As discussed in section II above, section 252(f) is phrased in terms of what is presently offered by way of the SGAT, not in terms of whether the SGAT has been implemented. Also as discussed above, section 252(f) scrutiny of the SGAT is independent of considerations under section 271.

One of the most troublesome issues confronting the Commission involves operations support systems ("OSS"), and the past failures of BellSouth in coordinating the seamless ordering and provisioning of unbundled network elements. OSS is evolving from a manual, carrier-specific (typically, within a LEC) process to electronic interfaces that require extensive industry development, communication and coordinated effort as between competing carriers. There are difficult privacy issues that concern the preordering phase. There does not appear to be any "final" or permanent method or methods by which it can be concluded that the OSS offered at a given time suffices for future interactions between BellSouth and CLECs. The relative scarcity of access lines provided presently by CLECs in Georgia underscores the testimony of the witnesses for the CLECs, that many of the OSS systems offered by BellSouth have not been implemented or tested under circumstances in which there are large volumes of orders (see Robertson, Tr. 1230).

#### V. CUC's Position

Small carriers, in particular, need a vehicle with which to compete, and the SGAT, however imperfectly, at least in theory offers that vehicle. The SGAT, in itself, does not harm competition, and its filing may assist the development of competition. That competition in local exchange service has not developed as fast as or to the extent expected is disappointing, but is not grounds for rejecting the SGAT. If the SGAT is approved by this Commission, BellSouth is given an opportunity to implement its provisions, with the assistance of CLECs. If, after several

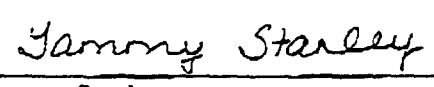
months, actual competition in local exchange service is still largely absent, BellSouth - and perhaps other carriers - will have to explain why competition has "failed." Until then, any device that appears to assist the development of competition, without harming consumers, should be welcomed.

As was suggested by some witnesses for CLECs, the Commission should keep the docket "open" in Docket No. 7253-U (see Winegard, Tr. 1324-1325, 1383-1384; see also Robertson, Tr. 1199; also Guepe, Tr. 2231). Interested parties may thus participate in the further development of the SGAT (See Tamplin, Tr. at 2137, 2139-2140). As OSS evolve and issues concerning other network elements continue to be resolved, the SGAT may be a "live" document, modified to fit present circumstances.

Accordingly, CUC recommends that the Commission approve the SGAT in accordance with section 252(f). The Commission has authority to keep this docket open under section 252(f)(4) of the Federal Act. Consequently, CUC also recommends that the Commission continue to keep this docket open in order to address and review such issues that may arise.

This 14 day of March, 1997.

Respectfully submitted,

  
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CERTIFICATE OF SERVICE

I do hereby certify that I have this date served a copy of the within and foregoing Brief of the Consumers' Utility Counsel Division of the Governor's Office of Consumer Affairs, GPSC Docket No. 6863-U and GPSC Docket No. 7253-U, upon the following parties by hand delivery, as indicated by an asterisk, or by depositing same in the United States Mail with adequate postage affixed thereon and properly addressed as follows:

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## Fax Cover Sheet

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*Dalton*

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF ERNEST G.	§	
JOHNSON, DIRECTOR OF THE	§	
PUBLIC UTILITY DIVISION,	§	
OKLAHOMA CORPORATION	§	Cause No. PUD 970000064
COMMISSION TO EXPLORE THE	§	
REQUIREMENTS OF SECTION 271	§	
OF THE TELECOMMUNICATIONS	§	
ACT OF 1996.	§	

STATEMENT OF NANCY DALTON  
ON BEHALF OF  
AT&T COMMUNICATIONS OF THE SOUTHWEST

I. INTRODUCTION AND QUALIFICATIONS

1. My name is Nancy Dalton. My business address is 5501 LBJ Freeway, Dallas, Texas. I am employed by AT&T and hold the position of Southwest Region Business Planning Vice President. In this position, I have the responsibilities of business planning for local service market entry and negotiations with incumbent Local Exchange Carriers (LECs) to facilitate such market entry. In this capacity, I am also the lead negotiator on behalf of AT&T with Southwestern Bell Telephone Company (SWBT) with the overall program management responsibilities for the negotiations. In that capacity I am responsible for continuing negotiations to obtain a comprehensive Interconnection Agreement, including electronic operational interfaces, for AT&T in SWBT's five-state region.

2. I attended and graduated from Burdett School, a business school in Boston, Massachusetts.

3. I accepted a position with AT&T in 1984 in Boston, Massachusetts. During my tenure with AT&T, I have held positions in Business Communications Services, responsible for handling customer inquiries (*e.g.*, billing); Business Communications Services, responsible for customer service methods and procedures; Network Services Division, responsible for project managing AT&T network-related billing conversions required to convert specific functions from the LECs to AT&T; Consumer Communications Services, responsible for project managing the billing processes for AT&T Calling Card and Operator handled calls (*e.g.*, usage recording, rating, message processing, bill calculation, bill rendering, payment processing, customer service, collections, and journalization); Consumer Communications Services, responsible for leading the AT&T Baldrige Application research and site visit teams; and Consumer Communications Local Services Organization, responsible for local market entry planning. In March 1996, I accepted my position in the Local Services Organization, responsible for Southwest Region business planning and negotiations.

4. I have testified on behalf of AT&T in the recent arbitration proceedings in the states of Texas, Oklahoma, Missouri, Kansas and Arkansas.

## **II. PURPOSE AND SUMMARY OF STATEMENT**

5. My statement has three purposes. First, I will describe the difficulties AT&T has had in the negotiation process with SWBT to obtain a comprehensive Interconnection Agreement for Oklahoma and SWBT's other states. I begin with negotiations because it is my judgment, as AT&T's lead negotiator in these efforts, that the incompleteness of pricing terms, unbundled

network elements (UNEs), access to UNEs, and OSS capabilities, is a direct result of SWBT's strategic approach to UNE negotiations. As a result, there was not sufficient detail in the Arbitration Award to move forward with implementation. That discussion will bring me to my second point - namely, SWBT's failure to meet the Section 271 requirements as it relates to Operational Support Systems. Finally, I will address SWBT's failure to demonstrate that nondiscriminatory access to 911, E911, Directory Assistance, operator call completion services, are available.

6. With respect to the first issue, my statement addresses the following subjects: interconnection agreement negotiations between AT&T and SWBT under the Federal Telecommunications Act (FTA). I provide special attention to AT&T's experience with SWBT in attempting to negotiate a comprehensive interconnection agreement, including, but not limited to, the provisions necessary for Resale; access to UNEs; availability of electronic Operational Support System (OSS) interfaces; facilities-based network provisions; general contract terms, conditions, and pricing. On the subject of negotiations, I describe the approach that AT&T has taken in its efforts to negotiate interconnection agreements with SWBT throughout its five-state region and the level of effort that AT&T has put forward in these negotiations. I will also describe some of AT&T's experience with SWBT in these negotiations. And I will describe the limited progress that has been made in these negotiations to date regarding the controversial substantive provisions required to establish a fully competitive marketplace through a comprehensive Interconnection Agreement. Examples of the controversial substantive provisions

I am referring to include, but are not limited to, access to UNEs, the OSSs and interfaces required to support UNEs, and cost-based pricing. This limited progress is a direct result of SWBT's success in delaying discussions regarding substantive issues until time frames after completion of the FTA allotted negotiations and arbitration time lines. A graphic example of the delay can be seen in the Texas negotiations time line attached to my statement as Exhibit ND-1.

7. I am also discussing SWBT's failure to meet the requirements of Section 271 of the FTA with respect to provisioning of OSS, electronic interfaces, and gateways. Because the proper implementation of access to OSSs is a cornerstone to the ability of AT&T, or any competitive local exchange carrier (CLEC), to enter into the local market on a broad scale in a manner that enables it to meaningfully compete with an incumbent LEC, SWBT's failure to provide nondiscriminatory access to OSS is a critical shortcoming with respect to the Section 271 requirements. Moreover, neither the interconnection agreements nor SWBT's Statement of Generally Available Terms and Conditions (SGAT) filed in Oklahoma fall short of the Section 271 requirements. As I will explain in more detail below, my Statement concentrates on AT&T's experience of SWBT's implementation, or lack thereof, of OSSs. The terms and conditions that are found in the interconnection agreements and SGAT are not useful for consideration of this item on the Section 271 checklist because the issue is not necessarily what individual OSS interface SWBT proposes or has agreed to provide; it is how the OSSs are implemented in compliance with the FTA. Accordingly, the entirety of my discussions on OSSs and UNEs should

be considered as a ground for the Commission's rejection of SWBT's Section 271 application and its SGAT.

8. I conclude that SWBT's proposed OSS interfaces are not yet operationally ready to support local service market entry at reasonable volume levels such as those planned by AT&T and, presumably, other CLECs who would intend to meaningfully compete with SWBT. *First*, SWBT has not made available any interface or interface specifications that would make it feasible for AT&T to offer local service by means of all of the approved unbundled network elements, including a platform of elements. *Second*, even with respect to OSSs for resold services, several development issues have not yet been negotiated to resolution and SWBT is still in the process of clarifying and supplementing its ordering and provisioning interface specifications. Even as this statement is being submitted, testing on certain pre-ordering, ordering, and provisioning interfaces have not been completed, and therefore, AT&T is not even in a position to advise the Commission on the adequacy of the test results. AT&T's experience in other jurisdictions suggests that the results will be dismal. Once testing is conducted and results are available, SWBT and AT&T must work jointly to address any problems shown from the testing. None of this has been accomplished. Therefore, at present, SWBT falls far short of the full implementation of its obligation to provide CLECs with reliable and nondiscriminatory electronic access to SWBT's OSS used in the provision of local service.

9. Finally, with respect to 911, E911, directory assistance, and operator call completion services, and white pages directory listings, I conclude that to date, SWBT has not

established any evidence of actual implementation of its obligations under Sections 271(c)(2)(B)(vii)(I)-(III) or 271(c)(2)(B)(iii) of the FTA. SWBT is required to do more than pledge it will meet the requirements; it must show actual implementation to meet these standards.

**III. INTERCONNECTION AGREEMENT NEGOTIATIONS BETWEEN AT&T AND SWBT HAVE NOT YET RESULTED IN A COMPLETE AGREEMENT, MUCH LESS ONE THAT ENABLES AT&T TO COMPETE IN THE LOCAL EXCHANGE MARKET.**

**A. AT&T Organized the Negotiations and Diligently Pursued Comprehensive Interconnection Agreements.**

10. AT&T began negotiations with SWBT on March 14, 1996, for the states of Texas, Missouri and Oklahoma, and on June 11, 1996 for the states of Kansas and Arkansas. Since March 14 1996, when AT&T requested SWBT to open interconnection agreement negotiations under the FTA, AT&T's objective has remained constant -- to negotiate with SWBT on a business-to-business basis to resolve all issues necessary for AT&T to provide local service to the consumers of each of the five states where SWBT operates as an incumbent LEC through Resale, UNE, and facilities-based entry methods. AT&T and SWBT agreed to negotiate common issues at a corporate level (one-time) as opposed to individually by state. These include such items as access to OSSs and use of electronic interfaces, UNEs, operator and directory assistance provisions, and white page listings. Virtually the only issues negotiated at the state level were those having to do with products and services available for Resale, pricing issues, and state-specific regulatory provisions. It was also AT&T's objective that as a result of these negotiations, AT&T would be able to offer customers

products and services that, at a minimum, are equivalent to the products and services and have at least the same level of quality that SWBT is able to offer. To date, that has not happened.

11. At AT&T's recommendation, the negotiations process was formed into a three-tiered negotiations management structure. The three-tier structure is described as follows:

1. *Subteam.* Multiple subteams were formed to negotiate technical requirements that envelop specific areas of expertise. For example, *electronic interfaces* for ordering, provisioning, repair/maintenance, billing (usage data transfer, local account maintenance, supplier billing); *special services* (e.g., directory listings, operator services, directory assistance, 911/E911, etc.); *network issues* including areas such as network interconnection, unbundled network elements, local number portability, compensation, collocation, and poles, ducts, conduits, and rights-of-way (ROW).

The subteams were responsible for negotiating the details related to the specific topics and AT&T's requirements. The AT&T subteam leads initiated the development of detailed matrices to document areas of agreement and disagreements reached at the subteam level and ensured that the agreements/disagreements were documented so that it represented the position of the joint AT&T and SWBT team. Areas of agreement were reviewed with the Core Team for approval and areas of disagreement were referred to the Core Team for additional negotiations.

2. *Core Team.* The Core Team was established to negotiate policy issues such as services available for resale, the extent of network unbundling, branding, routing of operator services and directory assistance calls, and pricing issues. In addition, the Core Team was responsible for approving the agreements reached at the subteam level for implementation and resolving areas that the subteams could not resolve. Disagreements that exist at the Core Team tier have also been documented via a matrix that summarizes each company's position. Agreements reached at this tier were considered final and did not require review by the Leadership Team.

3. *Leadership Team.* The Leadership Team was responsible for the final agreements centered around pricing, terms and conditions. The Leadership Team was the escalation point for unresolved issues referred to it by the Core Team.

12. AT&T and SWBT agreed to a set of milestones to prioritize and to guide work efforts. These milestones were used by the subteams and the Core Team as check points during negotiations. In addition, as mentioned previously, the subteams documented progress at a detailed requirements level by determining whether they had reached agreement or if they had reached the point of determining that they could not reach agreement. These matrices were reviewed with the Core Team for approval of agreement areas and for direction from the Core Team on the areas of disagreement. The matrix used by the Core Team to document areas of disagreement (unresolved issues) was maintained by both companies with each company responsible for maintaining its respective position. The disagreement matrices were used in the state arbitrations.

13. Throughout the negotiations, it was necessary for AT&T to drive the process to ensure that some progress was made. Examples of this include AT&T's insistence that milestones be developed to govern the work effort. SWBT's reluctance was continuously demonstrated through constant statements that the milestones were AT&T's milestones and not SWBT's. AT&T insisted on meeting at least two days per week at the core team level and more frequently at the subteam level, and AT&T prepared and provided to SWBT all meeting agendas, action item lists and tracking materials in advance of each meeting.

14. When asked to provide a list of products/services it would make available versus not make available to AT&T for Resale, SWBT told AT&T to look at its tariffs, without any indication

of its position on its various services across the five states. AT&T devoted hundreds of man hours to develop the matrices containing thousands of service entries per state. Only after AT&T's diligence, did it become clear what services that SWBT would or would not make available to AT&T under a Resale arrangement. Suffice it to say, it was not as simple as looking in SWBT's tariffs or relying on SWBT's high-level list of services initially provided to AT&T.

15. Of course, a comprehensive agreement would have to provide access to SWBT's UNEs, the critical bridge to facilities-based competition. As described in the Joint Statement of Steven Turner and Robert Falcone, UNEs create the opportunity for new entrants to differentiate their products and services from those of the incumbent LEC, without the need to immediately duplicate its entire network. UNEs should also provide the basis for competitive pricing offers by new competitive local exchange carriers which Resale cannot. In order to create and execute a business plan for providing local service through UNEs, the new entrant must have a clear schedule of cost-based prices and must have the ability to combine the incumbent LEC's network elements to provide telephone service to the customer at least equal in quality to the service that the incumbent LEC can provide through those elements.

**B. AT&T Has Sought Comprehensive Interconnection Agreements with SWBT.**

16. Despite an extremely serious effort since March 14, 1996, AT&T has been able to conclude only one interconnection agreement with SWBT (in Texas). That agreement, filed only after several months of negotiations, an arbitration proceeding, and several weeks of post-arbitration negotiations and a 200-word disclaimer appended to SWBT's signature, became

effective January 21, 1997. After all that, the Texas agreement is still incomplete and the substantive UNE access, UNE OSS, UNE performance standards, and overall pricing issues remain unresolved. The UNE access, UNE OSS, UNE performance standards, and pricing issues are critical to enable AT&T to enter the local service market, provide competitive pricing, and facilitate a migration from a Resale environment to a facilities-based competitive environment.

This Statement discusses Texas because it is the only state in which SWBT and AT&T have developed an Interconnection Agreement, as of this date. Because negotiations occurred at a corporate level and positions were consistent across all five states, the Texas experience is highly reflective of the experience in Oklahoma, and it is realistic to believe that these same issues will remain unresolved in Oklahoma.

17. Notwithstanding a Texas arbitration award that established AT&T's right to access all of the unbundled network elements individually or in combinations, without restrictions as ordered by the FCC, plus dark fiber and certain subloop elements, SWBT's corporate position differs substantially.<sup>1</sup> SWBT unilaterally has asserted a right *not* to provide OSS capabilities to provide UNE combinations in an unrestricted manner; has designed its internal processes to support UNE in such a way that the UNE OSS capabilities will be degraded in the areas of pre-ordering, installation, and repair/maintenance in comparison to both Resale and SWBT's treatment of itself; and has also asserted its right to impose UNE rates and charges and numerous other

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<sup>1</sup> *Petition of AT&T Communications of the Southwest, Inc. for Compulsory Arbitration to Establish an Interconnection Agreement Between AT&T and Southwestern Bell Telephone Company, et al.*, Docket Nos. 16226, *et al.*, Arbitration Award, issued November 7, 1996, at 7 (Texas Arbitration Award).

charges not recognized in the agreement, causing uncertainty over what elements and other provisions/capabilities are in fact available for purchase in Texas under the agreement, and at what prices. In addition, SWBT has opposed AT&T's ability to process "as is" orders and instead insists on a cumbersome process which will cause customers to be disconnected and experience longer installation or change intervals than Resale, even when there is no change to the physical serving arrangement. SWBT's operational plans for implementing UNE, as described in the Joint Statement of Steven Turner and Robert Falcone, will effectively lower the attractiveness of telephone service that may be offered through combinations of elements and stifle any practical ability to establish a competitive local service environment through the investment in and deployment of one's own facilities.

18. As AT&T's lead negotiator in these efforts, it is my judgment that the incompleteness of pricing terms, UNE access, UNE OSS capabilities, and UNE performance standards under the Texas contract is the direct result of SWBT's strategic approach to UNE negotiations. While many aspects of the Interconnection Agreement were the subject of months of subteam meetings conducted before, during, and after the arbitration, SWBT deferred any substantive negotiations on the subject of unbundled network elements until *after* the arbitration hearing had been completed. SWBT refused to discuss UNEs beyond the initial offer of five elements until the FCC Order was issued on August 8, 1996, and then insisted on focusing on element definitions before engaging in UNE OSS discussions, which did not begin until October 16, 1996. In addition, SWBT delayed pricing discussions until 7 days prior to the Texas contract

filing deadline. AT&T had requested pricing information and cost studies repeatedly since April 1996 and did not view it to be a prudent business practice to attempt to cram into 7 days something that should have been presented, discussed and negotiated over several months. SWBT's delay of pricing discussions and UNE negotiations has resulted in the establishment of continuing regulatory proceedings and cost proceedings. As a result of SWBT's delay of UNE access and UNE OSS discussions, there was not sufficient detail included within the arbitration to facilitate arbitration decisions that contained enough detail to move forward with implementation. In fact, it is a direct result of the broad and general arbitration award decisions that were rendered in Texas that introduced further delays in AT&T's ability to reach a complete and comprehensive interconnection agreement with SWBT. AT&T is now facing another round of negotiations (which SWBT insists run for another 135 days) and potentially an additional arbitration, for which the Texas Commission has already indicated its support, to address further disputes. SWBT's delay in negotiating UNE also required the parties to "resolve" a number of important contract issues through open-ended provisions that require joint action over the first several months of implementation -- *e.g.*, definition of the parameters that will be measured to assure that the network elements SWBT provides to AT&T allow AT&T to provide a level of service to its own customers which is at least at parity with the local service SWBT provides its customers; development of ordering procedures for common-use elements, such as common transport, tandem switching, signaling and call-related databases; and development of ordering capabilities for customer-specific unbundled network elements. Again, these open-ended

provisions are so broad in nature that AT&T remains at the mercy of SWBT to ensure that implementation is facilitated in a timely manner and it is resolved in such a way that AT&T is able to serve its customers with, at a minimum, the same levels of quality that SWBT is able to provide its customers.

19. As a result, the Texas agreement provides no practical assurance of AT&T's ability to enter the local service market in the near term through UNE-based services. As described above, AT&T's experience has been that the written words of the Texas interconnection agreement are insufficient to demonstrate that SWBT is providing access to unbundled network elements on terms that are just, reasonable, and nondiscriminatory in that State.

20. Based on SWBT's corporate negotiating position, AT&T's experience with SWBT in Texas is directly relevant to SWBT's Section 271 application in Oklahoma. The SWBT/Brooks Fiber Communications of Oklahoma, Inc. and Brooks Fiber Communications of Tulsa, Inc. (Brooks) Oklahoma interconnection agreement and SWBT's Oklahoma Statement of Terms and Conditions (SGAT) are at best subject to the same pricing uncertainties and implementation problems that AT&T has encountered in Texas; they contain some provisions that more directly limit access to UNEs, as described in the Joint Statement of Steven Turner and Robert Falcone. Moreover, the Oklahoma agreement between AT&T and SWBT will have a significant bearing on the prices AT&T will incur for the agreement provisions, the degree of access to UNEs, UNE combinations, and the availability of OSS capabilities to support UNE that will be provided in Oklahoma. SWBT's Oklahoma interconnection agreements, and even the SGAT, contain "most

favorable nation" clauses.<sup>2</sup> Some companies have opted to sign more limited contracts in order to enter business more quickly, relying on a most favored nation clause and the expectation that someone, such as AT&T, will negotiate a comprehensive interconnection agreement for more comprehensive terms. In my view, the degree of practical access to SWBT's UNEs available in Oklahoma really cannot be known until UNE purchases have begun. Of course, the contract terms of access to SWBT UNEs in Oklahoma themselves will not be known until AT&T and SWBT have presented an interconnection agreement to the Oklahoma Corporation Commission (Commission) and have received its approval.

21. AT&T continues to pursue contract negotiations with SWBT. I once had hoped that, after the Texas agreement was completed and final arbitration orders were entered in other states, the parties might come to some more general agreements, and negotiation of interconnection agreements in those states would be simplified. I cannot report that that is so. For the last several weeks, AT&T and SWBT negotiation teams have been meeting to develop an agreement to implement the Oklahoma AT&T Arbitration Order. Progress has been slow, with much of the same difficulty surrounding the UNE access, UNE OSS, and overall pricing issues.

22. AT&T will diligently pursue completion of an interconnection agreement with SWBT for the State of Oklahoma. However, I expect that the process of obtaining a comprehensive agreement for providing local service to AT&T customers through its access to

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<sup>2</sup> See, Oklahoma SGAT at § 25.16; Brook/SWBT Interconnection Agreement at Art. XXIV; Dobson Wireless, Inc. at Art. XXII; Western Oklahoma Long Distance (Resale) at Art. XXIII; ICG Telecom Group, Inc. at § 29.16; Sterling International Funding & D/B/A Reconex (Resale) at Art. XXII; and US Long Distance, Inc. at Art. XXII.